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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/03/06

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3) Prime Minister's schedule, June 29 & 30

NIHON KEIZAI (Page 2) (Full)
July 1, 2006

June 29
US local time

Morning
Attended a joint press conference at the White House.

Afternoon
Attended a luncheon hosted by Vice US President Cheney in Washington, DC. Offered flowers at Arlington National Cemetery, and later visited the Walter Reed Army Medical Center to express sympathy to US soldiers injured during their stationing in Iraq. Photography at the White House. Arrived at the Blair House. Stayed there.

June 30

Morning
Left Andrews Air Base in a suburb of Washington, DC, aboard Air

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Force One. Arrived at Memphis Air Base in Tennessee. Visited Elvis Presley's home, Graceland, in Memphis City.

Prime Minister's schedule, June 30 & July 1

NIHON KEIZAI (Page 2) (Full)
July 2, 2006

June 30
US local time

Afternoon
Visited the Lorraine Motel, where the Rev. Dr. Martin Luther King Jr. was killed, in Memphis City. Attended a luncheon hosted by President Bush. Left Memphis Air Base aboard a government plane.

July 1
Japan time

17:53
Arrived at Hamada Airport

18:29
Made a condolatory call at the late Prime Minister Ryutaro Hashimoto's house for his death.

18:43
Arrived at his official residence.

Prime Minister's schedule, July 2

NIHON KEIZAI (Page 2) (Full)
July 3, 2006

Stayed at the official residence all day.

4) Koizumi visits Elvis Presley's home, singing, dancing; US media unprecedentedly cover the visit prominently

YOMIURI (Page 2) (Full)
Eve., July 1, 2006

Aya Igarashi, Memphis, Tenn.

The US media prominently covered Prime Minister Koizumi's visit to the US in an unprecedented way. His unique style like singing Elvis Presley's songs in public and President Bush's exceptional hospitality attracted the media's attention.

CNN, ABC, NBC, FOX and other major US networks reported the visit of Prime Minister Koizumi to Graceland, home of Elvis Presley, in Memphis, Tenn. together with President Bush and his wife, as their top news on the evening of June 30. The media aired footage of

Koizumi singing and doing an imitation of Presley, playing the guitar in the late singer's home. NBC TV reported: "Koizumi, who is one of the big fans of Presley in Japan, showed it unlike the prime minister of a nation."

5) Koizumi excited at Graceland

TOKYO SHIMBUN (Page 4) (Abridged slightly)
Evening, July 1, 2006

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Memphis, Kyodo

Prime Minister Junichiro Koizumi toured on June 30 the legendary rock star Elvis Presley's Graceland mansion in Memphis, Tennessee, with President George W. Bush and his wife. "My dream came true," Koizumi, a Presley admirer, said excitedly after the tour.

Warmly received by Presley's former wife Priscilla, daughter Lisa Marie, and others, Koizumi did an imitation of Elvis wearing his sunglasses. Putting his arm around Lisa Marie, Koizumi even sang, "Hold me close, hold me tight" - a verse from Elvis' song, "I Want You, I Need You, I Love You."

Graceland, where Presley spent 20 years and now rests in peace, is a holy place for Elvis fans.

Bush, who served as Koizumi's tour guide, said: "I knew that the prime minister loved Elvis, but I didn't realize how much."

After Graceland, the two leaders visited the Lorraine Motel, where civil rights leader Martin Luther King Jr. was assassinated in 1968. The motel is now the National Civil Rights Museum. Koizumi left for Japan on a government plane on the afternoon of June 30.

6) US president concerned over worsening Japan-China relations;
Settlement carried over to successor to Koizumi

YOMIURI (Page 4) (Full)
July 1, 2006

US President Bush during the Japan-US summit on June 29 referred to the worsening Japan-China relations. It appears that his reference to the issue reflected concerns felt by US government officials. Prime Minister Koizumi, however, remained firm on his position that the problem has been China's rejection to a call for holding a summit because of his visits to Yasukuni Shrine. The issue will likely be carried over to the next administration.

The Ministry of Foreign Affairs (MOFA) had viewed that President Bush would not bring up the Japan-China relations issue during the summit. That is because Koizumi explained to Bush in Kyoto that his visits to Yasukuni are a matter of the heart. The president apparently had to touch on this issue, as there have been no signs of improvement in Japan-China relations since then.

A senior MOFA official yesterday noted: "The president well understands that paying homage at Yasukuni Shrine carries special weight in the prime minister. He probably wanted to ask the prime minister how he is going to deal with Japan's relationship with China." The Bush administration is seeking equal partnership between the two countries. He expects Japan to display leadership for peace and stability in the Asia-Pacific region, but the present Japan-China relations are instead working to destabilize the region, as a source familiar with Japan-US relations put it.

The prime minister is increasingly criticizing China. During the summit, he categorically said that he is dissatisfied with China's response. Chief Cabinet Secretary Abe on June 30 told a news conference, "I do not think that the US is concerned about Japan-China relations." In reality, however, the growing view in the Liberal Democratic Party is that unless the post-Koizumi

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administration improves Japan-China relations, even Japan-US relations will lose ground, as a former cabinet minister put it.

Another unexpected point for the Japanese government was that the US media showed only a weak interest in the summit. During a joint press conference after the summit, a number of US reporters asked the president about the issue of the US Navy Base at Guantanamo Bay, Cuba. But no reporters asked questions to Prime Minister Koizumi.

7) China sends survey ship to waters near Senkaku islets without giving prior notice to Japan

NIHON KEIZAI (Page 1) (Full)
July 3, 2006

A patrol boat based at the 11th Regional Headquarters of the Japan Coast Guard (JCG) in Naha City, Okinawa, spotted China's marine survey boat Dongfanghong No. 2 navigating within Japan's exclusive economic zone (EEZ), 24 kilometers southwest of Uotsuri Island, one of the Senkaku islets, at around 5.50 a.m. yesterday. The patrol boat warned the Chinese ship to stop the survey. Later in the day, the Ministry of Foreign Affairs (MOFA) protested to the Chinese Embassy in Tokyo against the survey, noting, "No prior notice has arrived at us." But the Chinese Embassy said only this comment: "We'll confirm whether there was such a fact."

In a portion of the sea area, Japan and China have yet to determine their boundaries of their respective EEZs. The two countries have agreed that if either of the two countries plans to conduct a marine survey, the survey plan should be informed to the other side.

According to the JCG's 11th Regional Headquarters, this is the first marine survey by China conducted in the waters around the Senkaku islets without giving any prior notice to Japan in two years. The patrol boat warned the Chinese boat in Chinese and English: "You are not allowed to conduct any survey within Japan's EEZ without informing Japan in advance. You should immediately stop the survey." The Chinese boat, however, did not respond to Japan's warning and continued the survey by collecting seawater in navigating toward the northeast direction until early hours of this morning, when it went out of Japan's EEZ.

8) Tensions grow again over Takeshima/Dokdo islets as ROK marine survey boat heads for islets despite Japan's call for self-restraint

NIHON KEIZAI (Page 2) (Lead paragraph)
July 3, 2006

Tensions are again growing over the Takeshima/Dokdo islets claimed by both Japan and South Korea. A South Korean marine survey boat left for the islets last night in order to begin a current survey starting today, despite Japan's request for self-restraint. Concerns about a possible rekindling of the dispute over the islets, like the one in April over Japan's plan for a seabed survey, are also increasing. Meanwhile, China yesterday dispatched a marine survey boat to waters near the Senkaku islands without giving a prior notice to Japan. Hardliners in the government and the ruling parties are likely to toughen their stance even further toward South Korea and China.

9) Former Prime Minister Hashimoto dies at 68

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ASAHI (Page 1) (Full)
July 2, 2006

Former Prime Minister Ryutaro Hashimoto died of multiple organ failure and septic shock at 2:00 p.m. on July 1 at a Tokyo hospital. He was 68 years old. Hashimoto made efforts to reorganize the central government offices and for financial reconstruction. After he stepped down from the prime minister's post, he chaired "Heisei Study Group," the largest of all factions in the Liberal Democratic Party (LDP). Although he ran again in the 2001 LDP presidential

race, he was defeated by incumbent Prime Minister Junichiro Koizumi. He resigned as the chairman of the LDP faction over a scandal involving a 100 million yen donation from the Japan Dental Association. He retired from politics last year when he said he would not run in the House of Representatives election the following month. In accordance with the family's wishes, information on the funeral service will not be made public. Hashimoto's home address is 3-5-49-603, Minami-Azabu, Minato Ward, Tokyo.

10) Poll: 42% say government apologies over WWII insufficient; 24% do not support light armament; Perception gap between public and lawmakers

MAINICHI (Top Play) (Lead para.)
July 3, 2006

The Mainichi Shimbun conducted a telephone-based nationwide poll in mid-June to compare the views of the public and Diet members on history and other questions. When asked about the Japanese government's apologies and self-reflection over the country's conducts during World War II, 42% said "insufficient," while 36% replied "sufficient." In response to the same question, 51% of lawmakers replied positively, with 33% negatively. The relatively high%age of the public was negative toward the postwar Japan's policy of arming itself with light arms and attaching importance to the economy. The result of the poll made it clear that the public saw more severely the postwar history of Japan than Diet members.

11) Poll: Supporters for Fukuda oppose both Koizumi's Yasukuni Shrine visits and his reform drive; Abe's backers support both

TOKYO SHIMBUN (Page 1) (Lead para.)
July 1, 2006

The Tokyo Shimbun conducted on June 30 an online survey on 500 people. According to the survey's results, most of people supporting Chief Cabinet Secretary Shinzo Abe, who is regarded as a most likely candidate in this September's Liberal Democratic Party (LDP) presidential election, supported the government of Prime Minister Junichiro Koizumi and favored Koizumi's visits to Yasukuni Shrine. On the other hand, a majority of backers of Yasuo Fukuda, a former chief cabinet secretary, was critical of the Koizumi government and opposed the prime minister's Yasukuni visits. The result of the poll highlighted that the Koizumi reform drive and official visits to the Shinto shrine by the prime minister would become a major issue in the upcoming LDP presidential election.

12) US military to deploy PAC-3 missiles in Okinawa this month; With no agreement with Japan, US military to operate system independently

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TOKYO SHIMBUN (Top play) (Abridged slightly)
July 3, 2006

The US military is scheduled to deploy PAC-3 ground-to-air missile interceptors at a US military base in Japan as early as this month in accordance with the Japan-US final agreement on US force realignment. However, the operation of the system is left entirely to the US, as there is no agreement between the two countries, according to sources yesterday. The firing of an interceptor by the US without Tokyo's consent would constitute a violation of Japan's sovereignty. Furthermore, in the event of a PAC-3 missile falling down, it could develop into a matter of compensation for secondary damage. On the backdrop of North Korea's preparations for a Taepodong-2 missile launch, the US force realignment to enhance defense cooperation between Japan and the United States is moving forward without properly addressing its challenges.

The deployment of PAC-3 missiles and their swift operation are specified in the US force realignment final report, produced by Tokyo and Washington in May. Given North Korea's signs of launching a Taepodong-2 missile, the US has swiftly come up with a plan to deploy 24 sets of PAC-3 missiles at four surface-to-air missile units at Kadena Air Base.

Any case corresponding to a significant change in equipment requires prior consultations between Japan and the United States in accordance with the bilateral security treaty. Tokyo, however, does not intend to pour cold water on the planned PAC-3 deployment.

Does firing a PAC-3 interceptor require Tokyo's request and approval? Do the wishes of the US military suffice? There are no fixed answers to those questions, as no agreement exists between the two countries on requirements for PAC-3 launches.

Japan has revised the Self-Defense Force Law to be ready for the Air Self-Defense Force to deploy the PAC-3 system next March. The revised SDF law allows the ASDF to intercept incoming missiles upon obtaining the prime minister's approval after recognizing such signs. But because Japanese law does apply to US forces in Japan, they can operate the system at its own volition for the time being.

A PAC-3 missile is launched to intercept a ballistic missile. It will blow itself up if it misses the target. Even if it successfully hit the target, its debris falls on the ground. No matter how strongly the US military insists on the defense of its base, intercepting a missile is undeniably a military action. Launching an interceptor missile involves the danger of adversely affecting areas outside a US base and inflicting on Japan's sovereignty. A senior Defense Agency official has likened firing a PAC-3 missile to a US serviceman trying to catch a thief outside a US base.

Debris of a PAC-2 missile launched by the US military during the Gulf War to intercept an Iraqi ballistic missile fell on a residential area, causing damage. Debris of a PAC-3 missile may also cause similar damage. But there is no agreement between Japan and the US on compensation.

Given America's speedy preparations for the deployment of the PAC-3 system without prior consultations with Japan, a Foreign Ministry US-Japan Security Treaty Division official noted: "Talks are underway between the two countries on a set of conditions for US

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forces in Japan to launch PAC-3 missiles. We want to reach a conclusion swiftly."

13) Government, ruling camp eye nation's largest distribution center in Okinawa as economic incentive to facilitate US force realignment plans

NIHON KEIZAI (Page 2) (Full)
July 3, 2006

In an effort to smoothly implement the agreed plans to realign US forces in Japan, including the transfer of the US Marine Corps Futenma Air Station in Ginowan, Okinawa, to Nago City, the government and the ruling camp are working out a package of economic stimulation measures for Okinawa. The eye-catcher in the package disclosed yesterday is the construction of the nation's largest distribution center as a hub for goods imported from China, Taiwan and other countries to be assorted and briefly kept at a port facility to be constructed in Urasoe City.

Specifically, by offering financial support, like subsidies, the government and the ruling parties plan to minimize charges for using the port facility. They also plan to lobby for companies to join this project. The Cabinet Office plans to include the feasibility-study cost in its budgetary request for next fiscal year in August. The government is willing to incorporate such measures in the latter five-year Okinawa economic promotion plan due out next March.

The realignment plans agreed on between Japan and the US include a measure to return the Makiminato Service Area adjacent to the new port facility to Japan. Since there are warehouses used by the US military, the government estimates the total construction cost for the new facility at billions of yen.

14) Influence peddling by 14 lawmakers and their secretaries over the Sendai Defense Facilities Administration Bureau in connection with its orders for purchase of land discovered in files left by former senior bureau official

ASAHI (Top play) (Lead paragraph)
July 3, 2006

A senior official of the Sendai Defense Facilities Administration Bureau have left files showing that there were influence peddling cases involving lawmakers and their secretaries over the Defense Facilities Administration Agency's (DFAA) orders for construction works and purchase of land while he was in office, according to documents obtained by the Asahi Shimbun. The real names of 14 those people, including an incumbent lawmaker, who has served as Defense Agency (JDA) director-general, are mentioned in the documents. Of them, two lawmakers admitted they had exercised their influence on the JDA. This former senior DFAA official also put down in his business diary how he was urged by lawmakers to designate construction companies they proposed in biddings and other matters.

15) Japanese, US agriculture ministers reaffirm close cooperation for US beef import resumption

NIHON KEIZAI (Page 5) (Full)
July 1, 2006

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Geneva, Takeshi Kawanami

Agriculture, Forestry and Fisheries Minister Shoichi Nakagawa on June 30 met with his US counterpart Secretary of Agriculture Johanns at the World Trade Organization (WTO) Headquarters office and exchanged views on the issue of the resumption of US beef imports by Japan, which the two countries had earlier agreed on. The two agriculture chiefs highly evaluated the measures to prevent BSE, which both countries have tackled, and reaffirmed their stance of continuing close cooperation.

After the meeting, Nakagawa told reporters: "The US did not make any special requests. We have come this far, based on the mutual relationship of trust." The governments of Japan and the US had already agreed to reinstate the beef trade under conditions, including prior inspections of US meat packers by Japanese experts. Imports will begin as early as late July.

16) "US response was insufficient," Agriculture Minister Nakagawa criticizes, following failure to reach agreement during session

ASAHI (Page 7) (Full)
June 3, 2006

Geneva, Yasuhi Sato

Winding up an informal ministerial meeting at the World Trade Organization (WTO), Agriculture, Forestry and Fisheries Minister Shoichi Nakagawa and Economy, Trade and Industry Minister Toshihiro Nikai on the evening of July 1 (early hours of July 2, Japan time) held a joint press conference at WTO headquarters. Nakagawa indicated his view that a gap in views of the US and the EU was the reason why the meeting failed to reach agreement on new agricultural trade liberalization.

Nakagawa highly evaluated the announcement by the EU on its decision to further reduce tariffs on agricultural products. He, on the other hand, criticized the US, which continued to turn down a call for reducing its domestic subsidies, noting, "The US failed to come up with an adequate response."

Both Nakagawa and Nikai said, "The talks bogged down before participating countries showed their key cards." He said that Japan had concession plans in hand on the rates of cuts on tariffs on agricultural products and mined and manufactured products, but there were no opportunities to present the plan.

